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THE Fats and Oils SITUATION

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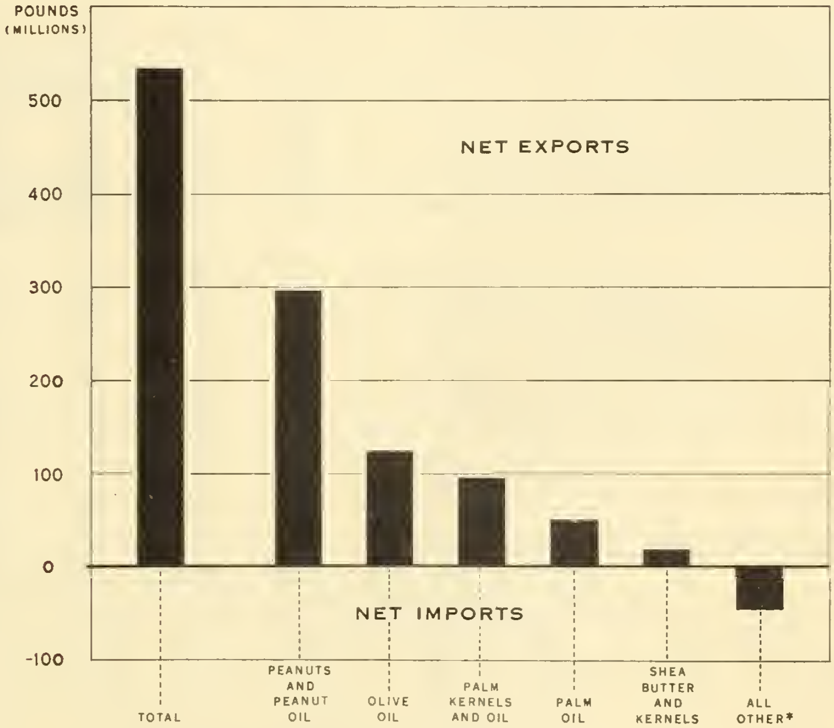

FRENCH WEST AND NORTH AFRICA: NET TRADE IN FATS AND OILS, AVERAGE 1934-38

OILSEEDS ARE INCLUDED IN TERMS OF THEIR APPROXIMATE OIL YIELD

** NET EXPORTS OF FLAXSEED. COPRA AND COCONUT OIL, COTTONSEED. CASTOR BEANS. AND SESAME SEED WERE EXCEEDED BY NET IMPORTS OF SOYBEAN OIL. BUTTER, LINSEED OIL. MARGARINE. VEGETABLE FATS. FISH OILS. TALLOW. AND OTHER FATS AND OILS*

U. S. DEPARTMENT OF AGRICULTURE NEG. 42757 BUREAU OF AGRICULTURAL ECONOMICS

The re-establishment of trade with French West and North Africa probably will add about 500 million pounds annually to the supply of fats and oils available to the United Nations. In 1934-38 French West Africa had a net export balance of oils and oilseeds of about 565 million pounds in terms of oil, with peanuts, palm kernels, and palm oil the principal export items. French North Africa had a net import balance of about 30 million pounds despite substantial exports of olive oil.

Table 1.- Wholesale price per pound of fats and oils at specified markets, and index numbers of prices, November 1940 and 1941, September-November 1942

PRICES

Item	November		1942		
	1940	1941	September	October	November
	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	32.4	35.8	43.2	45.8	45.8
Butter, 92-score, New York	33.1	36.2	43.9	46.5	46.5
Oleomargarine, dom. veg., Chicago	14.5	17.5	19.0	19.0	19.0
Compounds (animal and veg. cooking fats), Chicago	8.2	15.8	17.0	17.0	17.0
Lard, loose, Chicago	4.9	9.9	11.9	12.5	12.8
Lard, prime steam, tierces, Chicago	4.7	9.8	12.9	13.5	13.8
Lard, refined, cartons, Chicago	6.4	11.6	14.5	15.3	15.6
Oleo oil, extra, tierces, Chicago	7.0	11.6	---	---	---
Oleostearine, bbl., N.Y.	6.2	10.3	10.5	10.5	10.5
Tallow, edible, Chicago	4.8	8.9	---	---	---
Corn oil, crude, tanks, f.o.b. mills	5.3	11.2	12.8	12.8	12.8
Corn oil, refined, bbl., N.Y.	7.8	15.0	15.5	15.5	15.5
Cottonseed oil, crude, tanks, f.o.b. S. E. mills	4.6	11.4	12.8	12.8	12.8
Cottonseed oil, p.s.y., tank cars, N.Y.	5.7	12.4	13.6	13.7	14.0
Peanut oil, crude, tanks, f.o.b. mills	4.8	11.9	13.0	13.0	13.0
Peanut oil, dom., refined, bbl., N.Y.	7.5	15.8	17.0	17.0	17.0
Soybean oil, crude, tank cars, midwestern mills	4.3	9.8	11.7	11.8	11.8
Soybean oil, dom., crude, drums, N.Y.	5.9	11.8	13.0	13.0	13.0
Soybean oil, refined, drums, N.Y.	7.3	13.0	14.2	14.2	14.2
Babassu oil, tanks, f.o.b. mills, Pacific Coast	---	9.6	---	---	---
Coconut oil, Manila, crude, tanks, f.o.b. Pacific Coast 1/	5.5	9.8	11.0	11.0	11.0
Coconut oil, Manila, crude, bulk, c.i.f. N.Y. 1/	2/ 5.9	2/ 10.6	11.4	11.4	11.4
Coconut oil, Manila, refined, edible, tank cars, f.o.b. N.Y. 1/	---	---	3/ 12.8	3/ 12.8	3/ 12.8
Olive oil, edible, drums, N.Y.	41.3	72.3	56.7	58.4	58.4
Olive oil, inedible, drums, N.Y.	29.9	54.4	51.7	50.0	51.2
Olive-oil foots, prime, drums, N.Y.	10.3	17.2	19.0	19.0	19.0
Palm oil, Niger, crude, drums, N.Y. 1/	6.6	12.0	12.1	12.1	12.1
Rape oil, refined, denatured, drums, N.Y.	13.6	14.8	16.0	16.0	16.0
Rape oil, blown, drums, N.Y.	17.5	17.2	18.2	18.2	18.2
Sunflower oil, tank cars, f.o.b. N.Y.	---	---	3/ 14.3	14.3	14.3
Teaseed oil, crude, drums, N.Y.	16.9	28.0	30.0	29.8	29.0
Tallow, No. 1, inedible, Chicago	4.3	8.4	---	---	---
Grease, A White, Chicago	4.3	8.6	8.8	8.8	8.8
Menhaden oil, crude, tanks, f.o.b. Baltimore	3.8	7.7	8.8	8.8	8.8
Sardine oil, crude, tanks, Pacific Coast	5.1	7.9	8.9	8.9	8.9
Whale oil, refined, bleached winter, drums, N.Y.	9.5	11.1	11.1	11.1	11.1
Linseed oil, raw, tank cars, Minneapolis	7.7	9.4	12.2	12.4	12.1
Linseed oil, raw, drums, carlots, N.Y.	8.7	10.2	13.5	13.5	13.3
Perilla oil, crude, drums, N.Y.	18.0	22.8	24.5	24.5	24.5
Oiticica oil, drums, N.Y.	19.0	22.0	25.0	25.0	25.0
Tung oil, drums, N.Y.	26.9	35.8	39.0	39.0	39.0
Castor oil, No. 3, bbl., N.Y.	9.8	12.4	13.8	13.8	13.8
Castor oil, No. 1, tanks, N.Y.	9.5	11.8	13.0	13.0	13.0
Castor oil, dehydrated, drums, carlots, N.Y.	13.1	16.9	18.6	18.6	18.6
Cod-liver oil, med. U.S.P. bbl., N.Y.	31.5	38.0	36.4	36.4	36.4
Cod oil, Newfoundland, drums, N.Y.	8.0	10.5	12.0	12.0	12.0
INDEX NUMBERS (1924-29 = 100)					
Eight domestic fats and oils (1910-14 = 100)	88	119	143	149	150
Eight domestic fats and oils	62	84	101	106	107
All fats and oils (27 items)	68	93	107	111	112
Grouped by origin:					
Animal fats	66	82	99	104	104
Marine animal oils	86	118	127	127	127
Vegetable oils, domestic	59	111	126	126	128
Vegetable oils, foreign	91	143	145	145	145
Grouped by use:					
Butter	74	81	98	104	104
Butter, seasonally adjusted	68	75	97	101	96
Lard	36	75	98	103	105
Other food fats	65	130	132	133	134
All food fats	67	89	104	109	110
Soap fats	62	117	119	119	119
Drying oils	88	107	134	134	132
Miscellaneous oils	84	105	117	117	117
All industrial fats and oils	73	112	125	125	125

Prices compiled from Oil, Paint and Drug Reporter, The National Provisioner, The Journal of Commerce (New York), and reports of the Agricultural Marketing Administration and Bureau of Labor Statistics. Prices quoted include excise taxes and duties where applicable. Index numbers for earlier years beginning 1910 are given in Technical Bulletin No. 737 (1940) and The Fats and Oils Situation beginning December 1940.

1/ Three-cent processing tax added to price as originally quoted. 2/ Tanks, N.Y. 3/ Quoted in drums.

THE FATS AND OILS SITUATION

Summary

Production of fats and oils from domestic materials in the 1942 crop year is estimated at 11.7 billion pounds compared with 9.6 billion pounds a year earlier. Goals for 1943 call for increased acreages of flaxseed and peanuts, and a soybean acreage only slightly less than the record acreage in 1942. The cotton goal has been reduced, however, to permit greater utilization of resources for more essential crops such as peanuts and feed grains. With normal yields, production of vegetable oils from domestic materials may total 4.3 billion pounds in the 1943 crop year compared with 4.2 billion pounds in the current year. Weather was unusually favorable in 1942. The upward trend in lard, tallow, and grease production is expected to continue in 1943, but this may be partly offset by reduced butter production.

Supplies of fats and oils for 1943, including production, imports, and stocks on hand January 1, probably will total about 14.5 billion pounds. Military and export requirements for 1943 are estimated at 2.6 billion pounds, and civilian use under the manufacturers' limitation order is estimated at 9.2 billion pounds. This will leave only 2.7 billion pounds for stocks at the close of 1943 compared with a goal established by the Foods Requirements Committee totaling 3.5 billion pounds, including contingency reserves. To meet this objective, direct consumer rationing of food fats and oils probably would be necessary, for without such action further reductions in allocations of food fats to manufacturers are not considered feasible. The quantity of fats that consumers would take at ceiling prices is estimated to be considerably greater than the quantity available under the present limitation order, with due consideration to the supply of butter and lard available for civilian use. The manufacture of butter and lard is not restricted.

Prices of most food and soap fats and oils were at ceiling levels in November and early December. Flaxseed and linseed oil prices declined in November, reflecting some slackening in demand for paint oils and the existence of large supplies of flaxseed. The announcement on November 30 of an increase in the support price for flaxseed of the 1943 crop brought a sharp recovery in flaxseed prices, however. Prices of oilmeals rose materially in the first half of November. The advance in cottonseed, peanut, and soybean meal prices was halted as a result of price orders issued by Commodity Credit Corporation and the Office of Price Administration. Linseed meal prices, not covered by ceilings, have continued to advance.

-- December 15, 1942

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- With the entrance of the United States into the war in December 1941 and the subsequent loss of most of our imports from the Far East, our fats situation was transformed from one of comparative abundance to one of scarcity. Scarcity also was experienced by other United Nations, and the United States undertook to supply large quantities of fats and oils under lend-lease. In addition, civilian requirements were mounting under the stimulus of the war effort and rising incomes. Domestic production of fats and oils was increased about 20 percent in 1942, partly in response to the expansion program of the Department of Agriculture. The War Production Board in September issued a general order limiting manufacturers' use of fats and oils to conserve supplies and build up a reserve for future contingencies. Price control over fats and oils was instituted in December 1941. Ceiling prices were revised upward on several occasions during 1942. Prices of practically all fats and oils, except linseed oil, are now covered by specific ceiling orders.

Little Change In Prices In November

Higher average prices in November for lard and cottonseed oil, as a result of advances during October, brought a rise of 1 point in the index number of wholesale prices of 27 leading fats and oils. The index in November, at 112 percent of the 1924-29 average, was 19 points (20 percent) higher than a year earlier. Prices of most fats and oils, including lard and cottonseed oil, were at or near ceiling levels throughout November. Prices of linseed oil and flaxseed declined during November, however, apparently reflecting the existence of large supplies of flaxseed available and some slackening in the demand for paint oils. The announcement on November 30 of a higher support price for 1943-crop flaxseed resulted in a sharp recovery in flaxseed prices and halted the decline in linseed oil prices.

Prices of oilmeals advanced materially in early November, continuing a rise that began in October. With the exception of peanut meal, oilmeals by November 10 had reached approximately the price levels of last March. Price orders issued by Commodity Credit Corporation and the Office of Price Administration halted the rise in prices of cottonseed, peanut, and soybean meals. Linseed meal prices, which are not subject to ceilings, have continued to advance.

Meal quotations, bagged, per ton, on December 8 and highest March 1942 quotations are as follows: Cottonseed meal, 41 percent protein, Memphis, $38.75 and $37.50; peanut meal, 45 percent protein, Southeastern mills, $38.00 and $45.75; linseed meal, 34 percent protein, Minneapolis, $43.00 and $42.50. Soybean meal is not quoted currently, but the maximum price for 41-percent meal at Chicago is around $40.00, compared with the highest March quotation of $46.20.

Restrictions Placed On Prices and Movement Of Oilmeal

Effective November 11, maximum prices to be charged for oilmeal by mills under cottonseed, peanut, or soybean processor contracts for the Cotton States were established by Commodity Credit Corporation at $2.00 per ton over the minimum trade price specified in these contracts for February 1943. The maximim prices thus established, f.o.b. mill, bulk delivery, are $35.00 per ton for 45-47 percent peanut meal and for 41 percent cottonseed meal, and $33.00 to $34.50 per ton for old-process soybean meal, depending on location.

Distributors' margins were limited by the Office of Price Administration, effective November 12, to a maximum of 50 cents per ton for jobbers, $2 per ton for wholesalers, and $3 per ton for retailers. Dealers performing more than one function may take the appropriate margin for each function they perform. An additional regulation, effective November 30, limits processors' extra charge for less-than-carload lot sales to $1 per ton when the sale is to a distributor and to $3 per ton when the sale is to a consumer or feeder. It was expected that these regulations would reduce the cost of cottonseed, peanut, and soybean meals purchased for feeding by $3 to $4 per ton.

Shipment of soybean meal into specified Northeastern and Southern areas was prohibited by Commodity Credit Corporation Oilseed Orders 4 and 5, effective December 8. The purpose of these orders is to conserve supplies of protein feeds in the Midwest and Pacific Northwest, and to minimize crosshauling. Commodity Credit Corporation is arranging for the shipment of large quantities of soybeans from the Corn Belt for crushing wherever processing capacity is available in Eastern, Southern, and Pacific Coast mills that normally crush flaxseed, cottonseed, or copra.

Other Recent Price Orders

Under Amendments 17 and 18 to the fats and oils price schedule, effective November 19, sales of refined soybean, peanut, or cottonseed oil for nonedible uses may be made at a level 1/2 cent per pound above the maximum prices set forth in Amendments 7 and 8. Unlike sellers of these oils for edible use, sellers for nonfood purposes are not entitled to buy the crude oils from Commodity Credit Corporation at 1/2 cent per pound under ceiling prices for crude. Hence the new action by the Office of Price Administration equalizes refining margins as between oil going into food uses and that going into nonfood uses. Industrial uses normally account for a small part of the total disappearance of these oils. In 1941 only 22 percent of the soybean oil, 7 percent of the peanut oil, and 5 percent of the cottonseed oil was used for purposes other than food.

Amendment 62 to Supplementary Regulation 14 of the General Maximum Price Regulation, effective November 23, provides a 2-cent per pound margin for independent collectors of grease that is salvaged in households. In some localities, renderers do not collect directly from butchers, but rely on independent collectors. Maximum prices for household-salvaged grease are as follows: Housewife to butcher, 4 cents per pound; butcher to renderer or independent collector, 5 cents per pound; collector to renderer, 7 cents per pound.

Effective Date of Limitation Order Advanced to October 1

The general limitation order for fats and oils, General Preference Order M-71, was reissued in amended form on November 24. The order now specifies the last quarter of 1942 as the first period for which quotas must be observed, instead of the last 4 months of 1942 specified in the original order. This modification is designed to give relief to manufacturers who had made large sales in September before the quotas were announced and who consequently were unable to do their proportionate share of business in the remaining 3 months of the original quota period.

The limitation on the manufacture of "other edible finished products" was officially interpreted on November 18 as not applying to products in which fats and oils are not the largest single ingredients by weight. Shortening, mayonnaise, and salad dressing, however, are subject to the order, regardless of their composition.

Butter Stocks Frozen

Conservation Order M-267, issued November 20, required about half of the butter in cold-storage warehouses in 35 cities, or roughly 40 percent of total cold-storage stocks, to be set aside for the requirements of Government agencies. Until March 6, butter set aside in accordance with this order may not be delivered without specific permission of the Director-General for Industry Operations, except for military or lend-lease purposes, or to a Government agency. The order was designed to create a readily available supply to meet requirements for such purposes in the immediate future.

Producers of cream were prohibited by Conservation Order M-259, effective November 25, from delivering cream containing more than 19 percent butterfat except to other producers. Exceptions were made for small-volume deliveries by farmers and for deliveries in States having high minimum standards for cream. Although this order will result chiefly in increasing supplies of milk for fluid consumption, it will tend to encourage butter production. More direct aid to butter production may result from Conservation Order M-271, restricting commercial production of ice cream in December and January to 60 percent of October output. Since ice cream production declines seasonally from October to December, the restriction is actually in the neighborhood of 20 percent. It is estimated that the butterfat saved in December by the order will be equivalent to about 70 million pounds of milk or 3.3 million pounds of butter.

General Imports Order Amended

General Imports Order M-63 was reissued in amended form on November 20. As before, commodities named in the order may not be imported into the United States without written authorization from the War Production Board, except by authorized agencies of the Federal Government. The commodities are grouped into three lists. List III includes commodities that are not needed so urgently in the war effort as those on the other two lists. Items on list I are distinguished from those on list II by stricter control over their movement and utilization after importation. The revised listing of fats and oils is as follows:

Lists I and II: Castor beans; cod oil; cottonseed oil; flaxseed; linseed oil; murumuru oil; neatsfoot oil and stock; oleo oil; peanut oil; rubber seed and oil; sunflower oil; edible and inedible tallow, including oleo stock; tucum oil; wool grease; babassu nuts, kernels, and oil; cashew nut shell oil; castor oil; coconut oil; cohune nuts, kernels and oil; copra; edible corn oil; oiticica oil; ouricury nuts, kernels and oil; palm kernels and palm-kernel oil; palm oil; rapeseed oil; sperm oil; and tung oil. List III: Butter; hempseed and oil; hydrogenated or hardened fats and oils; murumuru nuts and kernels; oleostearine; rapeseed; sesame seed and oil; sunflower seed; tucum nuts and kernels; and vegetable oil soapstock and other foots. List III also includes fatty acids, and oilmeal except from coconuts or copra, soybeans, or flaxseed.

Glycerin Recovery Order Issued

Domestic production of glycerin may be increased 6 million to 7 million pounds per year under Conservation Order M-193, effective December 1, which sets up certain standards of production efficiency in glycerin recovery for the soap, fats splitting, and glycerin refining industries. The new standards are more severe than those in effect on coconut oil and palm oil under General Preference Orders M-59 and M-60.

Production of Fats and Oils Seasonally Higher in October; October 31 Stocks Slightly Higher

Factory production of fats and oils totaled 848 million pounds in October, an increase of 87 million pounds over September. Reflecting seasonally heavier marketings of cottonseed, the opening of the new crop year for soybeans, and increased crushings of flaxseed, total production of vegetable oils was 100 million pounds larger than a month earlier. Production of animal fats and oils declined about 14 million pounds, largely because of a decline in creamery butter output.

Factory and warehouse stocks of fats and oils increased about 14 million pounds during October to 1,836 million pounds (crude basis) at the end of the month. The largest increases were 42 million pounds in cottonseed oil and 30 million pounds in linseed oil, while decreases of 37 million pounds and 25 million pounds occurred in stocks of butter and inedible tallow, respectively. Stocks normally would have increased more than they did during October as a result of the seasonal increase in production. Consumption of fats and oils was unusually large in October this year, however.

AMA Purchases of Shortening Increased

The Agricultural Marketing Administration purchased about 19 million pounds of shortening other than lard in November, compared with a total of about 9 million pounds in the first 10 months of 1942. Purchases of lard, however, at approximately 35 million pounds, were rather small in relation to those in other months this year. Total purchases of fats and oils in November amounted to about 56 million pounds, compared with 63 million pounds in October and a monthly average of 80 million pounds in the first 10 months of 1942. With near-record or record numbers of hogs now being marketed, Government purchases of lard probably will increase substantially in December and following months.

OUTLOOK

Production of Fats From 1942 Crops Placed at 11.7 Billion Pounds

Production of fats and oils from domestic materials in the 1942 crop year is now estimated at 11.7 billion pounds, compared with 9.6 billion pounds in 1941-42. Approximately 7.5 billion pounds of the 1942 crop-year total will be animal fats and oils (including marine), and 4.2 billion pounds will be vegetable oils. The four major vegetable oils crops -- cottonseed, flaxseed, peanuts, and soybeans -- are expected to yield about 3.9 billion pounds of crude oil, assuming that 160 to 165 million bushels of soybeans can be crushed in the current marketing year. Details for major items are shown in table 6.

Production Goals for 1943 Announced

Agricultural production goals for 1943, announced November 30, call for further increases next year in hog and dairy production, in livestock slaughter, and in flaxseed and peanut acreage. The soybean goal for 1943 is 1.5 million acres larger than for 1942, but is slightly under the acreage indicated for harvest this year. The cotton acreage goal has been reduced to permit greater utilization of land and labor in the South for more essential crops, such as peanuts and livestock feed crops.

Table 2.- Oil crops: Production goals for 1943, with comparative data

Commodity	Acreage Average 1937-41	1942 Goal	1942 Indicated (preliminary)	1943 goal
	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Cotton, planted	26,359	25,000	24,005	22,500
Flaxseed, planted	2,309	4,500	4,675	5,000
Peanuts, picked and threshed	1,818	5,000	4,173	5,500
Soybeans harvested for beans	4,141	9,000	10,867	10,500

Commodity	Production Average 1937-41	1942 indicated (preliminary)	1943 goal Seed 1/	1943 goal Crude oil equivalent 2/
				Million pounds
Cottonseed, 1,000 tons	5,876	5,764	4,972	1,245
Flaxseed, 1,000 bushels	19,553	42,682	36,250	630
Peanuts, million pounds	1,392	2,811	3,712	685
Soybeans, 1,000 bushels	76,672	209,953	189,000	1,440

1/ Acreage goals multiplied by assumed "normal" yields of 442 pounds of cottonseed and 7.25 bushels of flaxseed per planted acre; 675 pounds of peanuts and 18 bushels of soybeans per harvested acre.

2/ Oil equivalent of seed available for crushing after deducting other uses.

With "normal" yields per acre, the output of oil from the 1943 projected acreage for the four principal oil crops would total about 4 billion pounds, only slightly more than the estimated output for 1942-43. Growing conditions were unusually favorable in 1942, and yields generally were about average. This situation may be repeated in 1943, but the chance is equally great that growing conditions will be below average next year.

To implement the 1943 production program, support prices were announced for flaxseed, soybeans, and peanuts for oil, as well as for hogs and certain other farm products. Prices for the 1943 crop of flaxseed will be supported at not less than $2.70 per bushel, basis No. 1 flaxseed at Minneapolis. This is equivalent to a United States average farm price of about $2.55 per bushel, compared with an estimated average farm price for the current season of about $2.25.

Farm prices for 1943 crop soybeans will be supported at $1.60 to $1.75 per bushel, depending on oil content, for yellow or green beans of high oil-yielding varieties. If the quality of soybeans produced is equal to that in 1942, the average farm price for all soybeans in 1943-44 should be slightly higher than the estimated price of $1.58 per bushel for 1942-crop beans.

A single price program has been recommended by the Department of Agriculture for all peanuts, whether for edible use or for oil. This program would assure growers an average return of 80 to 85 percent of the parity price.

On the basis of the November parity price of $148.80 per ton, this would mean an average price of about $125.00 per ton in the old producing areas in the East and a comparable price in other areas. Such a program would require new legislation. If a single price program or its equivalent is not possible, price-support programs for peanuts for nuts and peanuts for oil, similar to the programs now in effect, will be continued in 1943. Prices of peanuts for oil in 1942-43 are being supported at an average level of $80.00 per ton, while prices of peanuts for nuts are supported at an average level of about $131.00 per ton.

Output of Fats in Calendar Year 1943 to Total About the Same as in 1942-43

Increased output of lard, tallow, greases, and peanut oil in the calendar year 1943, compared with the crop year 1942-43, probably will be about offset by reductions in output of butter, cottonseed oil, and linseed oil, assuming that 1943 production goals are reached and that weather is about normal next year. Total production from domestic materials for the calendar year therefore may be tentatively placed at 11.7 billion pounds, the same as for the crop year. This would compare with a production of about 10.1 billion pounds for the calendar year 1942.

Hog and cattle slaughter is expected to be considerably larger in 1943 than in 1942. Hence the upward trend in production of lard, tallow, and greases is likely to continue. Lard production may total 3 billion pounds in 1943, compared with about 2.9 billion pounds in the 1942-43 marketing year (October-September). Lard production would be greater if the cut-out in packing plants were increased. The yield of lard per hog in recent months has run under that of a year earlier, despite an increase in the average live-weight of hogs slaughtered. The lower yield per hog is largely a result of the relationships existing between prices of lard and pork cuts and of the shortage of meats. Much of the excess fat now sold on meats is wasted.

Butter production may be reduced in 1943, unless consumption of fluid milk and cream can be held to 1942 levels. The total of milk produced in 1943 will be short of requirements even if the 122-billion pound milk production goal is reached. Recent restrictions on whipping cream and ice cream will take care of only about one-fourth of the milk shortage.

Requirements for Fats Outrun Supplies

Despite the remarkable increase in production of fats and oils already achieved, requirements in the forthcoming year are likely to exceed supplies. This is due only in part to the loss of imports from the Far East. Of more importance is the growing volume of lend-lease exports, the large military requirements, and a mounting civilian demand as a result of rising income and increased hours of labor.

The supply of fats and oils for 1943 is tentatively estimated as follows: Production from domestic materials, 11.7 billion pounds; imports, including oil in seed, 0.8 billion pounds; factory and warehouse stocks, January 1, 2 billion pounds; total, 14.5 billion pounds. Probable disposition is about as follows: Military use, lend-lease exports, commercial exports, and shipments to United States territories, 2.6 billion pounds; civilian nonfood use under general limitation order, 3.2 billion pounds; civilian food use under general limitation order, together with available butter and lard, 6 billion pounds; factory working stocks, end of year, 2 billion pounds; Government contingency reserve, end of year, 0.7 billion pounds; total, 14.5 billion pounds. In addition, 18 to 20 million bushels of soybeans in excess of crushing needs, equivalent to 150 to 200 million pounds of oil, may be held as a reserve for foreign or domestic contingency needs.

Actually, requirements for fats will be greater than use in 1943, particularly the requirements for civilians and for the Government contingency reserve. The objective for this reserve was originally placed by the Foods Requirements Committee at 1.5 billion pounds to be accumulated by December 31, 1943. To achieve this goal it probably would be necessary to institute direct consumer rationing of food fats and oils at a level below that considered feasible under the present manufacturers' limitation order.

For food fats and oils, the situation with regard to available supplies under existing orders and probable demand at ceiling prices is indicated in table 3. Without direct consumer rationing there would be about 48 pounds of food fats and oils per capita available for civilian consumption in 1943, including indirect consumption of fats in such manufactured products as bread, cake, confectionery, salad dressings, canned soups, etc. Consumption averaged 49 pounds per capita in the period 1935-39 and 51 pounds per capita in 1940-42. Hence consumption in 1943 would not be greatly below the average for recent years. However, it is estimated on the basis of past relationships between consumption, price, industrial workers' income, and prices of competing products, that consumers would take about 57 pounds per capita in 1943 at present ceiling prices if such a quantity were available. This estimate, of course, is subject to a considerable degree of error, since it was necessary in making it to extrapolate beyond the range of previous consumption and income data.

Table 3.- Per capita disappearance of food fats by civilians and civilian food industries, average 1935-39 and 1940-42, estimated 1943

Item	Average 1935-39	Average 1940-42 1/	1943	
			Probable demand at ceiling prices	Estimated available
	Pounds	Pounds	Pounds	Pounds
Butter and margarine (actual weight)	19.7	19.1	20.5	17.5
Lard and other shortening	22.9	23.9	26.2	23.0
Other food products 2/ (fat content)	6.3	7.9	10.4	7.7
Total	48.9	50.9	57.1	48.2

1/ Preliminary.

2/ Includes salad and cooking oils, mayonnaise, salad dressings, confectionery, bakery products, canned and packaged foods.

FRENCH WEST AND NORTH AFRICA AS A SOURCE OF FATS AND OILS

Pre-war trade statistics for French West Africa and French North Africa indicate that these two regions, considered together, have a net export capacity of roughly half a billion pounds of fats, oils, and oil-bearing materials in terms of oil. Total exports of these items averaged 690 million pounds annually in 1934-38, while total imports averaged 155 million pounds, leaving a net export balance of about 535 million pounds. West Africa had a net export balance of about 565 million pounds, but North Africa, with its sizable urban population, had a net import balance of about 30 million pounds.

French West Africa is a leading source of the peanuts entering international trade, standing second only to India. Together with relatively small but increasing quantities of peanut oil, peanuts accounted for 70 percent of West Africa's total exports of fats, oils, and oilseeds in 1934-38. Substantial quantities of palm kernels, palm oil, and shea kernels and shea butter were also exported, and smaller quantities of copra, cottonseed, castor beans, and sesame seed. (See table 4.)

Olive oil is the only fat or oil exported in large quantities from French North Africa. Some flaxseed is exported, especially from French Morocco, and there are also small exports of castor beans, cottonseed, mustard seed, and apricot seed, as well as of certain fish oils and animal fats. Peanut oil is by far the largest item among the imported fats and oils, but substantial quantities of soybean oil, butter, and linseed oil were also imported in 1934-38. (See table 5.)

Total consumption of fats and oils in French North Africa appears to have been well over 200 million pounds in 1934-38, with net imports furnishing about 30 million pounds of this total. No accurate estimate of consumption can be made, however, as production figures are lacking for many items.

The net trade position of French West Africa and North Africa in 1934-38 does not necessarily indicate the situation as it exists today. Changes in foreign trade relations resulting from the war may have caused production to decline. Over the long run, however, the figures given in this report should provide a fairly reliable guide to the status of West Africa and North Africa with respect to fats and oils supplies.

Table 4.- French West Africa 1/: Estimated production and net trade in fats, oils, and oil-bearing materials, average 1934-38

Item	Production	Net exports (-) or net imports (+) in terms of oil		
	Oils and oil-bearing materials in terms of oil	Total	To or from France 2/	To or from French North Africa 3/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Peanuts, unshelled (30 percent)	4/ 520,000	-285,005	-276,766	- 66
Peanuts, shelled (40 percent)	N.A.	-102,502	- 96,668	- 11
Peanut oil	N.A.	- 5,193	+ 398	-6,162
Total, peanuts and peanut oil	N.A.	-392,705	-373,036	-6,239
Palm kernels (45 percent)	143,000	- 94,026	- 44,502	5/
Palm oil	80,000	- 49,652	- 36,830	- 166
Shea kernels (46 percent) 6/	7/ 7,200	- 7,144	- 1,495	---
Shea butter 6/	N.A.	- 10,720	- 8,805	---
Total, shea kernels & butter	N.A.	- 17,864	- 10,300	---
Copra (63 percent)	7/ 5,300	- 5,236	- 4,389	---
Cottonseed (15 percent)	8/ 3,600	- 1,609	- 26	---
Cottonseed oil	N.A.	+ 7	---	---
Total, cottonseed and cottonseed oil	N.A.	- 1,602	- 26	---
Castor beans (42 percent)	7/ 1,300	- 1,279	- 1,090	---
Castor oil	N.A.	+ 96	+ 8	---
Total, castor beans and oil	N.A.	- 1,183	- 1,082	---
Sesame seed	4,320	- 641	- 301	5/
Linseed oil	N.A.	+ 245	+ 97	---
Other oils and fats	7/ 400	N.A.	N.A.	- 861
Other seeds	N.A.	N.A.	N.A.	- 3
Grand total	9/ 765,120	-562,714	-470,369	-7,269
Total oils	9/ 80,400	- 65,222	- 45,132	-7,189
Total oil-bearing materials	9/ 684,720	-497,492	-425,237	- 80

Compiled from official sources and International Yearbooks of Agricultural Statistics of the International Institute of Agriculture, except as otherwise indicated.

1/ Including Togoland, French mandate.
2/ Imports from French West Africa and Togoland (French mandate) as shown in official French trade statistics, except that figures for shea kernels and butter are exports to France as shown in the official statistics for French West Africa and French Togoland.
3/ Imports from French West Africa as shown in official trade statistics for North Africa.
4/ Average of crop years 1933-34 to 1937-38. Harvest of peanuts begins in October.
5/ Less than 500 pounds.
6/ Average 1934-37.
7/ Based on exports; undoubtedly too small.
8/ Based on exports of cotton.
9/ Total of items shown.

Table 5.- French North Africa: Estimated production, disappearance, and net trade in fats, oils, and oil-bearing materials, average 1934-38

Item	Production	Apparent domestic disappearance	Net exports (-) or net imports (+)		
			Total	To or from France	To or from French West Africa
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Vegetable oils and oil-bearing materials (in terms of crude oil):					
Olive oil	1/164,260	41,520	2/-122,740	2/-53,891	- 20
Peanuts, unshelled (30 pct.)	---	8,723	+ 8,728	+ 1,744	+ 66
Peanuts, shelled (40 pct.)	---	1,216	+ 1,216	+ 397	+ [illegible]
Peanut oil	---	87,440	+ 87,440	+71,616	+6,162
Total, peanuts and peanut oil	---	97,384	+ 97,384	+73,757	+6,239
Soybean oil	---	12,199	+ 12,199	+ 176	---
Flaxseed (33 pct.)	5,877	169	- 5,708	- 5,115	3/
Linseed oil	---	7,463	+ 7,463	+ 4,033	3/
Total, flaxseed and linseed oil	5,877	7,632	+ 1,755	- 1,082	3/
Coconut oil	---	1,690	4/+ 1,690	4/+ 1,578	---
All other oilseeds	5/ 596	3,212	6/+ 2,616	6/- 143	6/+ 3
All other vegetable oils	---	15,143	7/+ 15,143	7/+ 6,597	7/+1,029
Animal and fish fats and oils:					
Butter	8/ 25	10,189	+ 10,164	+ 5,184	+ 18
Tallow	---	1,535	+ 1,535	+ 1,309	---
Other animal fats and oils	8/ 309	954	9/+ 645	9/+ 596	9/- 1
Fish oils	8/ 351	2,391	+ 2,040	- 102	---
Sod oil	---	43	+ 43	+ 42	---
Margarine and vegetable fats:	---	7,193	+ 7,193	+ 5,564	+ 1
Grand total	10/171,418	10/ 201,085	+ 29,667	+39,585	+7,269
Total -					
Vegetable oils, including margarine	10/164,260	10/ 172,648	+ 8,388	+35,673	+7,172
Animal and fish fats and oils	10/ 685	10/ 15,112	+ 14,427	+ 7,029	+ 17
All fats and oils	10/164,945	10/ 187,760	+ 22,815	+42,702	+7,189
Total, oil-bearing materials	10/ 6,473	10/ 13,325	+ 6,852	- 3,117	+ 80

Production and trade compiled from official sources and International Yearbooks of Agricultural Statistics of the International Institute of Agriculture. Domestic disappearance computed from data on production and trade.

1/ Crop years 1933-34 to 1937-38. Crop year begins in November. 2/ Includes olive-oil foots. 3/ Less than 500 pounds. 4/ Data for Tunisia includes palm-kernel oil. 5/ Includes estimate of 69,000 pounds of cottonseed, based on production of cotton as estimated by Office of Foreign Agricultural Relations, remainder based on exports and is probably too small. 6/ Includes cottonseed, hempseed, sesame seed, mustard seed, copra, castor beans, apricot seed, and other seeds not specified. 7/ Includes palm oil, palm-kernel oil, castor oil, cottonseed oil, sesame oil, rapeseed oil, sunflower oil, corn oil, and other oils not specified. 8/ Based on exports; probabl too small. 9/ Includes lard, wool grease, lanolin, and other animal fats and oils not specified. 10/ Total of items as shown.

Table 6.- Factory production of fats and oils, October 1940 and 1941, August-October 1942, and indicated crop-year production for specified items, 1940-42

Item	Monthly production				
	Oct.		1942		
	1940	1941	Aug.	Sept.	Oct.
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Animal fats and oils					
Creamery butter	136.8	133.5	169.6	140.1	126.3
Inspected lard and rendered pork fat	114.8	127.5	106.7	118.2	120.0
Greases excluding wool grease	N.A.	N.A.	40.1	40.5	43.7
Neatsfoot oil	"	"	.5	.3	.3
Oleo oil	"	"	10.1	8.0	8.4
Stearine, animal, edible	"	"	5.2	3.9	4.5
Tallow, edible	"	"	10.8	10.2	11.3
Tallow, inedible	"	"	78.4	80.9	80.7
Wool grease	"	"	1.3	1.6	1.3
Fish-liver oil	"	"	.5	.5	.6
Fish oil	"	"	27.1	26.7	20.3
Marine mammal oil	"	"	---	.1	---
Total, animal	"	"	450.3	431.0	417.4
Vegetable oils, crude basis					
Castor oil	"	"	10.6	7.0	6.7
Coconut oil	"	"	1/	1/	9.1
Corn oil	"	"	21.0	20.6	21.5
Cottonseed oil	223.5	209.0	28.2	161.7	232.9
Linseed oil	N.A.	N.A.	76.3	72.0	84.8
Olive oil, edible	"	"	---	---	---
Peanut oil	17.9	13.3	5.6	1.8	8.2
Soybean oil	N.A.	N.A.	57.4	55.4	64.5
Tung oil	"	"	---	---	---
Other vegetable oils	"	"	9.9	11.2	2.6
Total, vegetable	"	"	209.0	329.7	430.3
Grand total	"	"	659.3	760.7	847.7

Item	Indicated crop-year production			
	Year beginning	1940-41	1941-42	1942-43 2/
		Mil. lb.	Mil. lb.	Mil. lb.
Animal fats and oils				
Butter, including farm	July	2,280	2,180	2,150
Lard and rendered pork fat, total	Oct.	2,275	2,480	2,900
Inedible tallow and greases, total	Oct.	1,492	1,732	1,950
Corn oil	Oct.	185	242	250
Cottonseed oil	Aug.	1,425	1,250	1,445
Linseed oil 3/	July	707	988	910
Olive oil	Oct.	11	8	11
Peanut oil	Oct.	174	76	300
Soybean oil	Oct.	564	707	1,440
Tung oil	Dec.	5	3	8

Compiled from reports of the Bureau of the Census and the Department of Agriculture. Monthly reports do not show total production of butter, lard, inedible tallow, and greases

1/ Included with "other vegetable oils." 2/ Based on most recent indications; subject to change. 3/ Includes production from imported flaxseed.

Table 7.- Factory and warehouse stocks of specified fats and oils, crude basis, October 31, 1940-42, August 31 and September 30, 1942

Item	Oct. 31, 1940	Oct. 31, 1941	1942		
			Aug. 31	Sept. 30	Oct. 31
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Animal fats and oils					
Butter	106	187	152	124	87
Lard and rendered pork fat	223	177	85	62	56
Greases, excluding wool grease	N.A.	N.A.	103	99	91
Neatsfoot oil	"	"	3	3	3
Oleo oil	"	"	5	4	4
Stearine, animal, edible	"	"	3	2	3
Tallow, edible	"	"	13	11	13
Tallow, inedible	"	"	258	237	212
Wool grease	"	"	5	5	5
Cod and cod-liver oil	"	"	13	11	12
Other fish-liver oil	"	"	3	2	2
Fish oil	"	"	118	124	131
Marine mammal oil	"	"	45	40	62
Total, animal	"	"	805	724	682
Vegetable oils, crude basis 1/					
Babassu oil	N.A.	N.A.	13	12	12
Castor oil	"	"	37	30	24
Coconut oil	"	"	136	130	134
Corn oil	"	"	44	42	36
Cottonseed oil	531	360	276	304	346
Linseed oil	N.A.	N.A.	230	243	273
Oiticica oil	"	"	9	9	8
Olive oil, edible	"	"	7	7	7
Olive oil, inedible and foots	"	"	12	12	11
Palm-kernel oil	"	"	2	2	2/ 1
Palm oil	"	"	98	95	90
Peanut oil	"	"	24	16	17
Perilla oil	"	"	3	3	3
Rape oil	"	"	17	18	16
Sesame oil	"	"	3/	3/	3/
Soybean oil	"	"	141	111	106
Tung oil	"	"	33	32	31
Other vegetable oils	"	"	33	35	39
Total, vegetable	"	"	1,116	1,098	1,154
Grand total	"	"	1,921	1,822	1,836

Compiled from reports of the Bureau of the Census, except butter and lard, Agricultural Marketing Administration. Totals computed from unrounded numbers.

1/ Crude plus refined converted to crude basis by dividing by the following factors: Babassu, corn, cottonseed, palm-kernel and palm oils 0.93; coconut, peanut, and soybean oils, 0.94.

2/ Refined only. Data for crude not available.

3/ Less than 500,000 pounds.

Table 8.- Prices of specified oil-bearing materials,
November 1940 and 1941, September-November 1942

Item	Unit	Nov.		1942		
		1940	1941	Sept.	Oct.	Nov.
		Dollars	Dollars	Dollars	Dollars	Dollars
Castor beans, Brazilian, f.o.b. Brazilian ports	Long ton	1/51.00	1/80.12	75.00	75.00	75.00
Cottonseed, United States farm price	Short ton	23.12	45.23	45.33	46.46	45.01
Flaxseed, No. 1, Minneapolis	Bushel	1.59	1.84	2.43	2.46	2.43
Flaxseed, United States farm price	"	1.39	1.60	2.24	2.25	2.23
Peanuts (for nuts and oil), United States farm price	100 pound	3.24	4.61	5.69	5.77	5.94
Peanuts for oil, delivered designated agencies	"	---	3.84	---	4.04	4.04
Soybeans, No. 2 Yellow, Chicago	Bushel	.95	1.60	1.71	---	---
Soybeans, United States farm price	"	.84	1.43	1.57	1.58	1.58

Compiled from Oil, Paint and Drug Reporter, Daily Trade Bulletin (Chicago), Chicago Journal of Commerce, Daily Market Record (Minneapolis), and reports of the Bureau of Agricultural Economics.

1/ C. and f., New York.

Table 9.- Price per ton of specified oilseed meals,
November 1940 and 1941, September-November 1942

Item 1/	Nov.		1942		
	1940	1941	Sept.	Oct.	Nov.
	Dollars	Dollars	Dollars	Dollars	Dollars
Copra meal, Los Angeles	21.55	36.45	52.40	52.90	52.88
Cottonseed meal, 41 percent protein, Memphis	29.30	36.75	35.60	36.25	38.60
Cottonseed meal, 41 percent protein, Chicago	35.60	42.60	41.35	41.90	45.40
Linseed meal, 34 percent protein, Minneapolis	28.25	35.90	36.00	36.45	39.75
Linseed meal, 32 percent protein, New York	27.50	31.25	35.20	33.75	33.75
Peanut meal, 45 percent protein, f.o.b., Southeastern mills	24.94	36.97	36.94	37.75	39.12
Soybean meal, 41 percent protein, Chicago	30.50	39.10	43.50	42.70	46.60

Compiled from records of the Agricultural Marketing Administration.

1/ Bagged, carlots.

Table 10.- Oleomargarine: Production, withdrawals for consumption, and materials used in manufacture, United States, October 1940 and 1941, August-October 1942

Item	Oct. 1940	Oct. 1941	1942 1/ Aug.	1942 1/ Sept.	1942 1/ Oct.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Production:					
Colored	217	206	15,360	9,260	12,492
Uncolored	29,949	33,853	23,134	30,344	33,791
Total 2/	30,166	34,060	38,495	39,604	46,283
Tax-paid withdrawals for United States consumption 3/	29,500	33,932	24,379	29,537	35,403
Materials used:					
Oleo oil	1,159	1,766	1,639	2,217	2,339
Oleostearine	347	278	278	215	342
Lard, neutral	427	682	388	735	911
Oleo stock	107	153	266	335	447
Butter	---	---	3	---	---
Tallow	---	---	18	24	14
Monostearine	20	16	7	10	15
Oleostearine oil	---	---	---	---	---
Total, animal	2,060	2,895	2,599	3,536	4,068
Cottonseed oil	11,827	13,708	11,312	13,487	15,612
Soybean oil	8,664	4,694	17,288	14,496	17,689
Peanut oil	185	238	34	75	37
Corn oil	19	82	85	142	153
Cottonseed stearine	1	---	25	62	57
Soybean stearine	---	---	---	---	---
Total, domestic vegetable	20,696	18,722	28,744	28,262	33,548
Coconut oil	1,464	4,680	---	---	---
Babassu oil	138	275	---	---	---
Palm oil	---	1,125	---	---	---
Palm flakes	---	16	---	---	---
Palm-kernel oil	---	36	---	---	---
Sunflower oil	---	---	---	---	41
Total, foreign vegetable	1,602	6,132	---	---	41
Total, fats and oils	24,358	27,749	31,343	31,798	37,657
Milk	5,545	6,049	6,629	7,143	8,012
Salt	1,130	1,155	1,225	1,274	1,489
Derivative of glycerin	70	70	69	71	77
Lecithin	10	21	21	24	29
Soda (benzoate of)	11	14	23	23	25
Vitamin concentrate	1	7	9	8	8
Miscellaneous	---	2	9	5	12
Total, other materials	6,767	7,318	7,985	8,548	9,652
Total, all materials	31,125	35,067	39,328	40,346	47,309

Compiled from Internal Revenue records and Internal Revenue Bulletin.

1/ Preliminary.

2/ Total of unrounded numbers.

3/ Excludes withdrawn free of tax for use in Federal institutions, and withdrawn for export.